

HOUSING AUTHORITY OF INDEPENDENCE, LOUISIANA  
REPORT ON EXAMINATION OF  
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

TWELVE MONTHS ENDED SEPTEMBER 30, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. This report is available for public inspection at the Budget House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/18/02  
**WIDE WORLD, P.C.**

A Professional Accounting Corporation

## TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
Independent Auditor's Report		1 - 2
<u>General Purpose Financial Statements</u>		
Combined Balance Sheet - Enterprise Fund	A	3
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Enterprise Fund	B	4 - 5
Combined Statement of Cash Flows - Enterprise Fund	C	6 - 7
Notes to the General Purpose Financial Statements	D	8 - 19
Index		8
Notes to Financial Statements		9 - 15
<u>Supplementary Information</u>		
Statement and Certification of Actual Modernization Costs	(E)	16
Statement of Modernization Costs - Uncompleted	(F)	17
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		18 - 19
Report on Compliance and on Internal Control Over Financial Reporting, Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards		20 - 21
Schedule of Expenditures of Federal Awards		22
Notes to the Schedule of Expenditures of Federal Awards		23
Schedule of Findings and Questioned Costs		24 - 25
Schedule of Audit Journal Entries		26 - 27

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MEMBER  
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**Independent Auditor's Report**

Board of Commissioners  
Housing Authority of Independence  
Independence, Louisiana

Regional Inspector General for Audit  
Office of Inspector General  
Department of Housing and Urban  
Development

We have audited the accompanying general-purpose combined financial statements of the Housing Authority of Independence, Louisiana as of and for the year ended September 30, 2001, as listed in the table of contents. These general-purpose combined financial statements are the responsibility of the Housing Authority of Independence, Louisiana's management. Our responsibility is to express an opinion on these general-purpose combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, for general-purpose combined financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Independence, Louisiana as of September 30, 2001, the results of its operations, changes in its total net assets and statement of cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 15, 2002 on our consideration of Housing Authority of Independence's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined general-purpose financial statements of the Housing Authority of Independence, Louisiana taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the accompanying financial statements. Such information has been subjected to the auditing procedures applied in the audit of the accompanying financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying Financial Data Schedules required by HUD are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Mike Foley, P.C.  
Fort Worth, Texas  
February 28, 2002

HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
ENTERPRISE FUNDS  
COMBINED BALANCE SHEET

YEAR ENDED SEPTEMBER 30, 2004

**ASSETS**

Current assets	\$	12,988
Cash and cash equivalents		7,284
Investments		0
Accounts receivable (net of allowance for doubtful accounts of zero)		103
Interest receivable		13,879
Interfund receivable		8,748
Prepaid items and other assets		4,883
Inventory		<u>51,205</u>
Total Current Assets		<u>95,209</u>
Restricted Assets		<u>4,296</u>
Tenant deposits		<u>4,296</u>
Fixed Assets		<u>1,811,172</u>
Land, buildings, and equipment (net)		<u>1,811,172</u>
<b>TOTAL ASSETS</b>		<u><b>1,866,323</b></u>

**LIABILITIES AND FUND EQUITY**

Current Liabilities	\$	8,086
Accounts payable		4,580
Compensated absences payable		17,879
Interfund payable		4,706
Accrued PILOT		<u>59,341</u>
Total Current Liabilities		<u>86,706</u>
Current Liabilities Payable from Current Restricted Assets		<u>4,296</u>
Deposits due others		<u>4,296</u>
Total Liabilities		<u>91,002</u>
Fund Equity		<u>1,864,620</u>
Contributed capital		<u>25,000</u>
Retained earnings:		<u>1,839,620</u>
Unreserved		<u>1,839,620</u>
Total Fund Equity		<u>1,864,620</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$</b>	<u><b>1,866,323</b></u>

The Notes to the Financial Statements are an integral part of these statements.

**HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - ENTERPRISE FUNDS**

**EXHIBIT B**

**YEAR ENDED SEPTEMBER 30, 2001**

<b>OPERATING REVENUES</b>	
Dwelling rental	\$ 89,484
Other	4,381
	<hr/>
Total revenues	93,865
<b>OPERATING EXPENSES</b>	
Administration	185,347
Utilities	21,363
Ordinary maintenance & operations	85,440
General expenses	21,386
Depreciation	185,873
Housing assistance payments	139,784
	<hr/>
Total operating expenses	568,193
	<hr/>
Income (loss) from Operations	(474,328)
<b>Non operating revenues (expenses)</b>	
Interest earnings	2,855
Federal grants	322,332
	<hr/>
Total Nonoperating revenues (expenses)	325,187
	<hr/>
<b>NET INCOME (LOSS)</b>	<b>(149,141)</b>
	<hr/>
Depreciation on fixed assets acquired by contribution	305,873
	<hr/>
Decrease in retained earnings	4,822
	<hr/>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - ENTERPRISE FUNDS

EXHIBIT B

YEAR ENDED SEPTEMBER 30, 2001

RETAINED EARNINGS AT BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ <u>21,584</u>
RETAINED EARNINGS AT END OF YEAR	<u>25,686</u>
CONTRIBUTED CAPITAL AT BEGINNING OF YEAR AS ORIGINALLY STATED	1,114,800
Correction of an error - Note 9	<u>(1,313)</u>
CONTRIBUTED CAPITAL AT BEGINNING OF YEAR AS RESTATED	1,100,483
Depreciation transferred from retained earnings	<u>(105,873)</u>
CONTRIBUTED CAPITAL AT END OF YEAR	<u>1,004,620</u>
FUND EQUITY, END OF YEAR	\$ <u>1,030,306</u>
	(CONCLUDED)

The Notes to the Financial Statements are an integral part of these statements.

EXHIBIT C

**HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS**

**YEAR ENDED SEPTEMBER 30, 2001**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating income (loss)	\$	(406,268)
Adjustments to reconcile net income (loss) to Net cash provided by operating activities		
Depreciation		105,873
Changes in operating current assets and liabilities:		
Decrease in accounts receivables		1,868
Increase in interfund receivables		(2,598)
Decrease in interset receivables		1,819
Increase in prepaid items and other assets		(1,586)
Increase in inventory		(553)
Decrease in accounts payables		(14,626)
Decrease in deposits due others		(883)
Decrease in deferred revenue		(90)
Increase in account PAYEY		434
Increase in interfund payable		2,908

**NET CASH PROVIDED/USED BY OPERATING ACTIVITIES** (315,545)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Federal grants 312,582

**NET CASH PROVIDED/USED BY NONCAPITAL  
FINANCING ACTIVITIES** 312,582

**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

Purchase fixed assets (26,276)  
 Decrease in compensated absences (2,567)

**NET CASH PROVIDED/USED BY CAPITAL  
AND RELATED FINANCING ACTIVITIES** (32,837)

(CONTINUED)



EXHIBIT C

HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
COMBINED STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

YEAR ENDED SEPTEMBER 30, 2008

CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in investments	\$	34,068
Decrease in restricted assets		885
Interest earnings		<u>2,035</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		<u>36,928</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(7,302)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>28,090</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	<u>11,988</u>
		(C) 198 (1,041)

The Notes to the Financial Statements are an integral part of these statements.

**HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2011**

**INDEX**

<b>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b> .....	<b>8</b>
A. BASIS OF PRESENTATION.....	9
B. REPORTING ENTITIES.....	9
C. FUNDS.....	10
D. BUDGETS.....	11
General Budget Policies.....	11
E. CASH AND CASH EQUIVALENTS.....	11
F. INVESTMENTS.....	11
G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES.....	12
H. INVENTORY AND PREPAID ITEMS.....	12
I. FIXED ASSETS.....	12
J. COMPENSATED ABSENCES.....	12
K. FUND EQUITY.....	12
L. DEFERRED REVENUES.....	12
M. USE OF ESTIMATES.....	12
<b>NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS</b> .....	<b>13</b>
<b>NOTE 3 – FIXED ASSETS</b> .....	<b>14</b>
<b>NOTE 4 – RETIREMENT SYSTEM</b> .....	<b>14</b>
<b>NOTE 5 – ACCOUNTS PAYABLES</b> .....	<b>15</b>
<b>NOTE 6 – COMPENSATED ABSENCES</b> .....	<b>15</b>
<b>NOTE 7 – COMMITMENTS AND CONTINGENCIES</b> .....	<b>15</b>
<b>NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES</b> .....	<b>15</b>
<b>NOTE 9 – CONTRIBUTED CAPITAL</b> .....	<b>15</b>

**HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2001**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The accompanying general purpose financial statements of the Housing Authority of the City of Independence have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**A. BASIS OF PRESENTATION** Housing Authorities are chartered as a public corporation under the laws (LSA-R.S. 40:591) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in such city. The Housing Authority is governed by a five-member board of Commissioners. The members, appointed by the Honorable Mayor of the City of Independence, serve staggered multi-year terms.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-cost housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the Housing Authority for the purpose of maintaining this low-cost character.

The Housing Authority had 58 units in Low Cost management in two projects, and 53 Housing Choice Vouchers.

Program	Contract Number	Number Of Units
FHA, current housing Section 8	PW-140T LABORNO	58 55

**B. REPORTING ENTITY** GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is financially independent of other state or local governments. As used in GASB Statement 14, financially independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The Housing Authority is a related organization of the City of Independence since the City of Independence appoints a voting majority of the Housing Authority's governing board. The City of Independence is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial

**HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
NOTES TO THE FUNDAL PURPOSE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2001**

benefit to, or impose financial burden on, the City of Independence. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Independence.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has six tests criteria to be considered in determining financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the Housing Authority to impose its will on that organization's body, and
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Housing Authority.
2. Organizations for which the Housing Authority does not appoint a voting majority but are fiscally dependent on the Housing authority.
3. Organizations for which the reporting entity financial statements would be misleading, if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

**C. FUNDS:** The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator.

Proprietary funds are accounted for on the flow of economic resources measurement basis and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus for all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 26, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1988.

HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2001

**B. BUDGETS**

General Budget Policies: The following summarizes the budget activities of the Housing Authority during the year ended September 30, 2001:

The Housing Authority adopted budgets for all HUD-funded programs. The budget is controlled by fund at the function level. All appropriations lapse at year end. Budgets are prepared on the modified accrual basis of accounting.

The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function.

**E. CASH AND CASH EQUIVALENTS** Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are state at the lower of market or cost.

**F. INVESTMENTS** Investments are limited by R.S. 35:2853 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are reported/purchased as per GASB Statement No. 31:

Investments in ~~repurchase/renewing~~ interest-bearing contracts, such as nonnegotiable certification of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments ~~participating~~ interest-bearing investment contracts that have a remaining maturity at time of purchase of one year or less.

**Definitions:**

Interest-bearing investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

**HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2001**

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

**G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES:** During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

**H. INVENTORY AND PREPAID ITEMS:** All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the purchase method. At year-end the amount of inventory is recorded for external financial reporting.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses consist of prepaid insurance.

**I. FIXED ASSETS:** Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Interest costs during construction have not been capitalized. Straight-line depreciation is used based on the following estimated useful lives:

Site improvements	10 years
Buildings	25 years
Building improvements	10 years
Furniture and fixtures	5 to 7 years
Computers	3 years

**J. COMPENSATED ABSENCES:** The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

**K. FUND EQUITY:** Reserves represent those portions of fund equity not appropriate for expenditures or legally segregated for a specific future use.

**L. DEFERRED REVENUES:** The Housing Authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

**HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2004**

**M. USE OF ESTIMATES** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**NOTE 1 - CASH, CASH EQUIVALENTS, AND INVESTMENTS** At September 30, 2004 the Housing Authority has Cash equivalents, and investments totaling \$18,983 as follows:

Cash on hand	\$	23
Interest-bearing demand deposits		8,858
New interest-bearing demand deposits		4,825
Time deposits		<u>11,370</u>
Total	\$	<u>24,906</u>
 Cash and cash equivalents	\$	12,888
Cash and cash equivalents - restricted		4,258
Investments		<u>1,837</u>
Total	\$	<u>24,906</u>

Under state law, these deposits (or the revolving bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2004, the Housing Authority's carrying amount of deposits was \$24,493 and the bank balance was \$18,385. Of the bank balance, \$18,385 was covered by federal depository insurance (CASH Category 1).

Investments during the year were solely in time deposits at banks.

**HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2004**

**NOTE 3 – FIXED ASSETS** The changes in general fixed assets are as follows:

	Balance 9/30/03	Additions	Deletions	Balance 9/30/04
Land and buildings	\$ 2,458,554	\$ 51,112	\$ 0	\$ 2,509,666
Furniture and equipment	72,568	19,004	0	91,572
Constructions in progress	38,563	0	38,563	0
Total	2,569,685	52,296	38,563	2,601,418
Less: accumulated depreciation				
Buildings	1,452,220	91,834	0	1,544,054
Furniture and equipment	42,155	14,857	0	56,990
Total	1,494,375	106,691	0	1,601,066
Fixed assets, net	\$ 1,075,310	\$ (54,395)	\$ 38,563	\$ 1,001,172

**NOTE 4 – RETIREMENT SYSTEM** The Housing Authority participates in the Housing, Revenue and Local Agency Retirement Plan which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan from the first anniversary date of the employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 5 percent of his effective compensation, and may make an additional contribution, up to an extra 5 percent. The employer is required to make monthly contributions equal to 8 percent of each participant's effective compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account is fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority's total payroll for year ended September 30, 2004, was \$58,156. The Housing Authority's contributions were calculated using the base salary amount of \$58,551. The Housing Authority made the required contributions of \$7,450 for the year ended September 30, 2004, of which \$ 3,770 was paid by the Housing Authority and \$3,680 was paid by employees. No payments were made out of the Reclamation account.



**HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2001**

**NOTE 5 – ACCOUNTS PAYABLES** The payables of \$8,066 at September 30, 2001, are as follows:

Traffic payables	\$	5,184
Payroll withholdings		2,317
Federal grants		465
	\$	<u>8,066</u>

**NOTE 6 – COMPENSATED ABSENCES** At September 30, 2001, employees of the Housing Authority have accumulated and vested \$4,098 of employee leave benefits, which was computed in accordance with GASB Codification Section C58. These amounts are recorded as liabilities in the funds from which payment will be made.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES** The Housing Authority participates in a number of federally isolated grant programs. Although the grant programs have been audited in accordance with the Single Audit Act Amendments of 1996. These programs are still subject to compliance audits. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES** At September 30, 2001, the Housing Choice Voucher program owes \$17,879 to the Low Rent program.

**NOTE 9 – CONTRIBUTED CAPITAL** An error in accounting occurred in the prior period. Advances to the 1998 CIAP program were overstated in the year ended September 30, 2000.

	<u>Low Rent</u>	<u>CIAP, CDP, Drug Hires</u>	<u>Section 8 Voucher</u>	<u>Total</u>
Capital at 9/30/00, as originally stated	\$ 787,535	\$ 321,716	\$ (8,461)	\$ 1,114,830
Correction for advances	<u>0</u>	<u>(7,337)</u>	<u>0</u>	<u>(7,337)</u>
Capital at 9/30/00, corrected	\$ <u>787,535</u>	\$ <u>324,379</u>	\$ <u>(8,461)</u>	\$ <u>1,107,493</u>

## SUPPLEMENTARY INFORMATION

**HOUSING OF THE CITY OF INDEPENDENCE  
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST  
ANNUAL CONTRIBUTION CONTRACT**

**YEAR ENDED SEPTEMBER 30, 2001**

**1. The Actual Modernization Costs are as follows:**

		<u>Project 1595</u>
Funds approved	\$	102,365
Funds expended		<u>102,365</u>
Balance of funds approved	\$	<u>0</u>
Funds advanced	\$	102,365
Funds expended		<u>102,365</u>
Balance of funds advanced	\$	<u>0</u>

2. The distribution of costs by project as shown on the Final Statement of Modernization Costs dated July 1, 2001 accompanying the Annual Modernization Costs Certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2011

CASH BASIS

		Capital Funding, 2009
		<hr/>
Funds approved	\$	113,663
Funds expended		<hr/> 33,546
Excess of funds approved	\$	<hr/> 81,116
Funds advanced	\$	33,546
Funds expended		<hr/> 33,546
Excess of funds advanced	\$	<hr/> 0

The Notes to the Financial Statements are an integral part of these statements.

**MIRE ESTES, P.C.**  
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4000 AIRPORT PARKWAY - SUITE 100  
FORT WORTH, TEXAS 76117

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MEMO REPORT  
DATE: 10/26/2011  
BY: MIRE ESTES, P.C.

ON: 10/26/2011  
REPORT NO: ME-004-0001  
FSA: 2011-011-0000  
EMAIL: mesteres@meirestes.com

FOR: HOUSING AUTHORITY OF INDEPENDENCE  
PUBLIC ACCOUNTANTS

**Report on Compliance with Requirements Applicable to Each  
Major Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133**

**Housing Authority of Independence  
Independence, Louisiana**

We have audited the compliance of the Housing Authority of Independence, Louisiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2011. The Housing Authority of Independence, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Independence, Louisiana's Management. Our responsibility is to express an opinion on the Housing Authority of Independence, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Independence, Louisiana's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority of Independence, Louisiana's compliance with those requirements.

In our opinion, the Housing Authority of Independence, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2011. However, the results of our auditing procedures disclosed one instance of non-compliance that are required to be reported in accordance with OMB Circular No. A-133 and which are described in the schedule of Audit Findings.

## Internal Control Over Compliance

The management of The Housing Authority of Independence, Louisiana is responsible for establishing and maintaining internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of Independence, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Mike Dana, P.C.  
Fort Worth, Texas  
February 25, 2002

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NO. 000000  
ACCOUNT NUMBER 0000000000  
PUBLIC ACCOUNTANTS

STATE OF TEXAS, JUNE

**Report on Compliance and on Internal Control Over Financial Reporting**  
**Based on an Audit of Financial Statements Performed in**  
**Accordance with Governmental Auditing Standards**

**Housing Authority of Independence**  
**Independence, Louisiana**

We have audited the financial statements of the Housing Authority of Independence, Louisiana as of and for the year ended September 30, 2001, and have issued our report thereon dated February 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Housing Authority of Independence, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which would have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Housing Authority of Independence, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not induce, to a relatively low level, the risk that misstatements are amounts that would be

material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is a matter of public record and its distribution is not limited.

Mike Bates, P. C.  
Fort Worth, Texas  
February 25, 2003



HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
STATEMENT OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2004

FEDERAL GRANTOR PROGRAM TITLE	CDEA NO.	GRANT ID #	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development			
Direct Programs:			
Low-Income Housing Operating, Subsidy	14.850		80,253
Major Program Total			80,253
Comprehensive Improvement, Assistance Program	14.852		15,561
Major Program Total			15,561
Housing Choice Voucher	14.871		185,296
Major Program Total			185,296
Public Housing Capital Fund	14.872		33,946
Major Program Total			33,946
Total HUD			315,056

Total Expenditures of Federal Awards

**HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED SEPTEMBER 30, 2001**

**NOTE 1 – GENERAL.** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the City of Independence, Louisiana (the "Housing Authority"). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on this schedule.

**NOTE 2 – BASIS OF ACCOUNTING.** The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority's general-purpose financial statements.

**NOTE 3 – RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS.** Federal awards revenues are reported in the Housing Authority's general-purpose financial statements as follows:

	<u>Federal Sources</u>
Enterprise funds:	
Public Housing:	\$ 80,153
Section 8 Vouchers	185,256
CIAP	18,961
Capital Fund	<u>33,946</u>
Total	<u>\$ 318,316</u>

**NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS.** Amounts reported in the accompanying schedule agree with the amounts reported in the related Federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

**NOTE 5 – MAJOR FEDERAL AWARDS PROGRAMS.** The dollar threshold of \$300,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, "federal awards" do not include Housing Authority operating income from rents or investments (or other non-federal sources). In addition, debt service annual contribution payments made by HUD directly to bond agents for holders of Housing Authority bonds or for Housing Authority notes held by the federal financing bank (FFB), are not considered when determining if the Single Audit Act "federal awards expended" threshold is met by the Housing Authority in a fiscal year. In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

The Notes to the Financial Statements are an integral part of these statements.

ISSUING AUTHORITY OF THE CITY OF INDEPENDENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR END: SEPTEMBER 30, 2001

**Financial Statement Audit**

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards in the financial statements.

**Audit of Federal Awards**

- iv. There were no reportable condition required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed one audit finding, which the auditor is required to report under OMB Circular No. A-133, Section 3.20(a).
- vii. The major federal programs are:

CIT166/ 14,850	Public and Indian Housing - Low Rent Program
CIT166/ 14,882	Comprehensive Improvement Assistance Program
CIT166/ 14,801	Section 8 Housing Choice Voucher
CIT166/ 14,872	Capital Fund
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section 3.20(b) was 300,000.
- ix. The finding does not qualify as a low-risk finding under OMB Circular No. A-133, Section 3.20.

**HOUSING AUTHORITY OF THE CITY OF INDEPENDENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED SEPTEMBER 30, 2001**

**Prior Audit Findings and Questioned Costs**

There were no prior audit findings.

Findings and questioned-costs for federal awards which are required to be reported under OMB Circular No. A-133, Section 310(a):

**Current Audit Findings**

Entity-wide or program/departamental specific:

**Low Rent**

**PFS Calculation Incorrect**

1. The HUD-52723, year end adjustments, is incorrect. Lines 25, 26, and 34 were incorrect – the latter was incorrect because Line 52723H was also incorrect.

Line 63 shows a zero adjustment. The correct answer is that \$3,568 is also the PFA for the mandatory adjustment.

**Recommendations**

The HUD area office probably will catch the mandatory adjustment error, but we are sending a pointed, pointed copy to the Area Office. The PFA's for adjustments normally does an excellent job of preparing PFS information.

**Reply**

I am Cindy Martin, Executive Director, and designated person to answer these findings. Our fee accountant prepares our PFS information. We will make sure the fee accountant completes this correctly in the future.

**HOUSING AUTHORITY OF INDEPENDENCE  
SCHEDULE OF AUDIT JOURNAL ENTRIES**

**YEAR ENDED SEPTEMBER 30, 2001**

	ACCT. # FOR AUDIT PURPOSES	DR	CR	ACCT. # FOR POSTING TO FIA BOOKS
<b>Long-Term</b>				
1	Interest income	711	3,714	Per Fisc. Accountant
	Other income	715	3,714	
	To adjust interest income			
2	Cash	111	3,802	
	Investments	191	3,644	
	Accounts payable	312	2,644	
	Other income	715	818	
	Cash - Deposits	114	817	
	Security Deposits	341	817	
	To adjust investments, \$3,644 cash credits & (checks held) and security deposits			
3	Cash	111	4,825	
	Extraordinary maintenance	971	3,700	
	Contract costs	943	1,181	
	Other operating	916	48	
	To reclassify checks that had payments stopped			
<b>CIAP</b>				
1	Capital Grants	786.1	1,800	Per Fisc. Accountant
	Operating Grants	786	8,340	
	Prior year adjustments	1184	3,207	
	To adjust 1999 CIAP.			

HOUSING AUTHORITY OF INDEPENDENCE  
SCHEDULE OF AUDIT JOURNAL ENTRIES

YEAR ENDED SEPTEMBER 30, 2001

		AJCT. # FOR AUDIT PURPOSES	DR	CR	AJCT. # FOR POSTING TO FIA BOOKS
2	Retained earnings	512	7,967		
	Contributed capital	504		7,967	
	To adjust to contributed capital				
	Section 8				
1	Accounts payable – HUD	531	11,808	848	
	Other operating – administrative	516	848		
	Accounts receivable	124		11,808	

To adjust to Net amount actually due HUD for year end  
settlement of \$285. HUD-53881 showed \$11,808 owed  
HUD instead of \$285.